

FEB 27 2006

SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

David LeBlanc
Donald Boucher

Hedy LeBlanc

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MUR 5398

2006 FEB 27 A 9:33

SENSITIVE

GENERAL COUNSEL'S REPORT #3

I. ACTIONS RECOMMENDED

(1) Approve the conciliation agreement language set forth in the attached proposed Addenda to the Department of Justice's signed criminal plea agreements with David LeBlanc and Donald Boucher as part of a global settlement of their criminal and civil liability; (2) take no further action with respect to Hedy LeBlanc; and (3) close the file as to all respondents.

II. INTRODUCTION

This Matter involves allegations that former LifeCare Holdings, Inc. ("LifeCare") and LifeCare Management Services, LLC ("LMS") President and CEO David LeBlanc and former LMS Vice President for Government Affairs Donald Boucher consented to prohibited corporate contributions and assisted in making and allowing their names to be used to make prohibited contributions in the name of another to various federal candidates and political committees between 1997 and 2002.¹ After delays relating to Respondents' assertion of their Fifth Amendment privilege

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11 **III. HISTORY OF THE CASE**

12 This Matter originated with *sua sponte* submissions to the Commission
13 from LifeCare/LMS. The submissions reflected the
14 results of an extensive internal investigation as to correlations of varying degrees between federal
15 contributions made by certain current and former LMS officers and payments in the form of
16 irregular bonuses, unscheduled salary increases and undocumented expense reimbursements
17 authorized by Mr. LeBlanc. See LifeCare/ LMS Submission (originally designated as Pre-MUR
18 415, dated September 11, 2003).

19 Although the LifeCare/LMS submission analyzed all federal contributions made by its
20 officers between 1997 and 2002, the evidence showed a pattern of reimbursement only for

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1 contributions made by Mr. Boucher.² *Id.* As set forth in the LifeCare/LMS submission and
2 clarified in the subsequent investigation, unexplained payments authorized by Mr. LeBlanc
3 appear to have resulted in reimbursement of slightly less than \$50,000 of Mr. Boucher's federal
4 political contributions. *Id.* Due to Mr. LeBlanc's departure from LifeCare/LMS in early 2003,
5 he was not available to the company during its internal investigation. While Mr. Boucher
6 remained employed by LMS until mid-2003 and was available to be interviewed during the
7 internal investigation, he denied having been reimbursed but was unable to provide another
8 explanation for various irregular payments that correlated with his contributions.
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10 The Commission found reason to believe that LifeCare and LMS violated 2 U.S.C.
11 §§ 441b(a) and 441f, that Messrs. LeBlanc and Boucher knowingly and willfully violated
12 2 U.S.C. §§ 441b(a) and 441f, and that Mr. LeBlanc's spouse, Hedy LeBlanc, violated 2 U.S.C.
13 §441f.⁴ *See* First General Counsel's Report, dated 12/16/03. As stated in the First General
14 Counsel's Report, this Office's recommendation that the Commission exercise its prosecutorial
15 discretion and not make any knowing and willful findings as to LifeCare/LMS was based on the
16 organization's role in self-reporting this matter to the Commission and pledge of full cooperation
17 with the subsequent investigation.

² While this Office investigated limited evidence of unexplained payments to certain other LMS officers who made federal contributions, the correlation in both amount and timing did not establish any corporate reimbursement.

⁴ The Commission also found reason to believe that LifeCare employees John George, Ann George and Leroy Thompson violated 2 U.S.C. § 441f in connection with a small number of contributions. The subsequent investigation, which included full and complete cooperation from LifeCare/LMS and its current employees, led this Office to conclude that these LifeCare/LMS employees, in fact, had not been reimbursed for these specific contributions. *See* General Counsel's Report #2, dated 5/31/05.

the Commission also determined to take no further action as to John George, Ann George and Leroy Thompson. *Id.*

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Mr. LeBlanc,

Mrs. LeBlanc, and Mr. Boucher each asserted their Fifth Amendment privilege against self-incrimination in connection with all questions relating to this Matter.

PAGES 5-8 HAVE BEEN REMOVED

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9 This Office also recommends that the Commission take no further action against
10 former LMS employee Hedy LeBlanc, Mr. LeBlanc's spouse. The Commission's reason to
11 believe findings were based on the fact that Ms. LeBlanc received a number of irregular
12 payments from LifeCare/LMS. Upon further review, however, there is no apparent correlation
13 between those payments and her political contributions and no indication that she was involved
14 in the reimbursement of Mr. Boucher's federal political contributions.
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16 **V. RECOMMENDATIONS**

- 17 1. Approve the language set forth in Appendix A to be incorporated in the
18 Department of Justice's misdemeanor criminal plea agreement with David
19 LeBlanc as part of a global settlement.
- 20 2. Approve the language set forth in Appendix B to be incorporated in the
21 Department of Justice's felony plea agreement with Donald Boucher as part of a
22 global settlement.
- 23 3. Take no further action with respect to Hedy LeBlanc.
- 24

4. Close the file as to all respondents.

Lawrence H. Norton
General Counsel

Rhonda J. Vosdingh
Associate General Counsel for Enforcement

2/24/2006
Date

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Attachments: